



Integrated Research Limited Half Year Financial Results

Sydney, Australia, 18 February 2016 – Integrated Research (ASX:IRI) a leading global provider of high availability performance management, business intelligence and proactive diagnostic software, today released its results for the six month period ended 31 December 2015.

The Company is pleased to announce revenue growth of 18% to \$39.4 million for the six month period to 31st December 2015, resulting in profit after tax of \$6.2 million which is within the guidance provided to the ASX on 13 January 2016. Licence sales of \$19.5 million were comparable to the previous strong first half of 2015; maintenance revenue increased by 21% to \$13.7 million while consulting revenue grew by 41% to \$3.5 million. The Company delivered \$2.7 million in revenue from the newly acquired Testing Solutions business. A significant part of this revenue is recurring revenue, recognised over the term of the contract. The Company's cost base increased by 28% to \$31.4 million, driven by investments to enable future growth, which includes the acquisition of the Testing Solutions business.

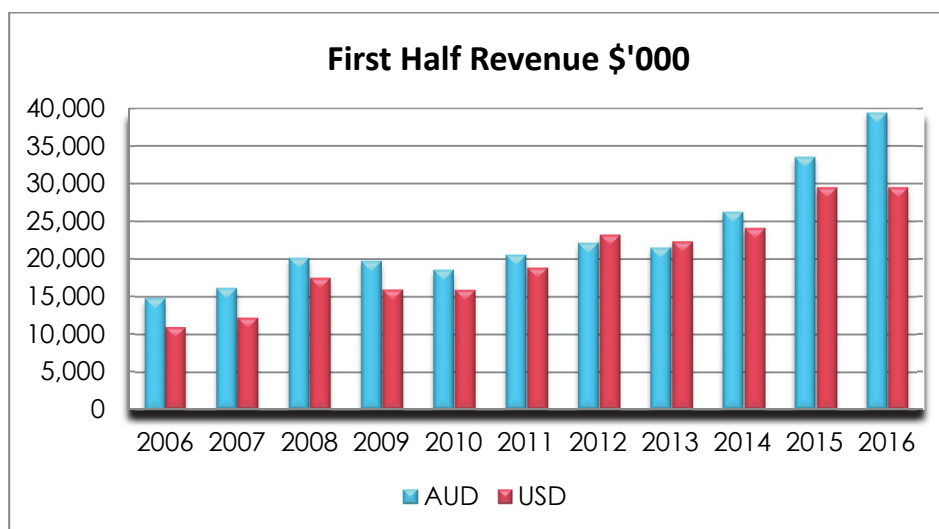
Product line revenue growth was as follows:

- Revenue from Unified Communications and Contact Centre increased by 25% to \$21.3 million
- Revenue from Payments increased by 21% to \$3.0 million
- Revenue from Infrastructure, which includes HP-Nonstop, was flat at \$11.5 million

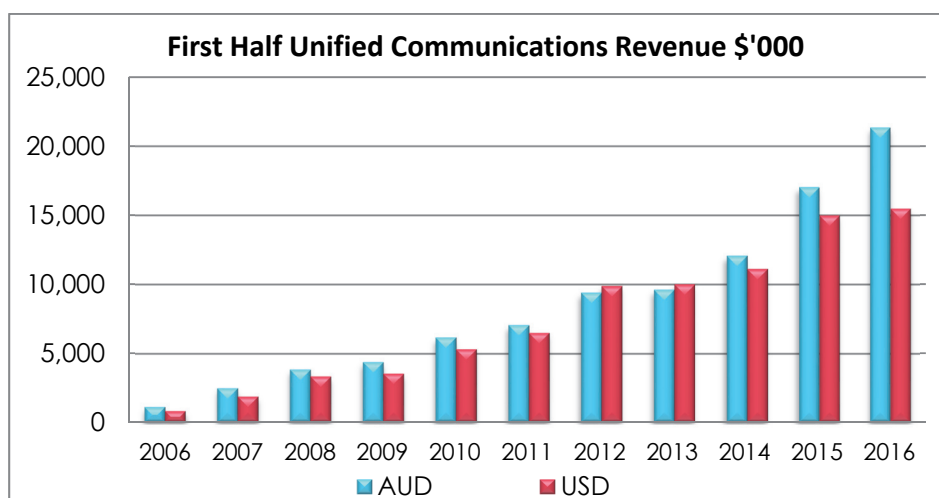
Over 95% of the Company's revenue was derived from outside of Australia.

Although licence fees of \$19.5 million are comparable to the strong first half of FY15 there was only one transaction over \$1 million as opposed to four transactions in the equivalent prior half. This underscores the lumpy nature of the business and the variances in the timing of contracts that can be experienced from half to half. The Company's pipeline shows support for large transactions in the second half.

The following chart highlights the Company's revenue growth in both Australian and US currencies for the first half of the 2016 financial year and the ten prior equivalent periods.



The Company's leading product line, Unified Communications grew by 25% compared to the previous corresponding half.



Steve Killelea, Chairman of Integrated Research said, "The Company is well positioned for future growth. The customer base is solid and the strategy is sound with major market opportunities in Skype for Business, Cloud Services, Testing and Contact Centres. The Company is focused on growth with substantial investments being made in both research and additional sales execution capabilities."

Darc Rasmussen, CEO of Integrated Research said, "The Company's strong and growing base of recurring revenue, coupled with innovative solutions and a large deal pipeline underpins the business going forward. Technological innovation remains at the core of the Company's success with multiple imminent strategic product releases. The Company continues to invest in its future with total spending on research and development representing 18% of revenue."

The Company released Prognosis version 10.5 in December 2015. Version 11 is scheduled for release in mid-2016 with additional Cloud management capabilities for Unified Communications and Payments as well as extensions of the Contact Centre and Call Recording Assurance solution.

The Company is expanding its relationships with large Cloud Service Providers and has won tenders with Telagility, Scansource, Tel-Networks and Westcon among others to use Prognosis to help deliver their Software as a Service (SaaS) offerings.

The Company's sales pipeline is strong and the fundamentals of its key markets are sound. The Company anticipates that the conversion of the strong pipeline to revenue in the second half will support profit growth for the full financial year.

The integration of the Testing Solutions business is near completion and will continue over coming months with the first meaningful contribution expected in the 2017 financial year. The integration has resulted in additional depreciation and amortisation charges for the half. Excluding the trading result of the acquisition together with these non-cash charges, the Company's profit after tax result would have been \$6.6 million compared to the reported \$6.2 million. The acquisition supports the company's ability to grow recurring subscription revenues in the coming years, creating a sustainable revenue baseline to underpin growth.



The table below summarises the Company's key revenue, expense and profit results for the first half compared to the previous corresponding half:

Financial result highlights (\$'000)	December 2015	December 2014	% Change
Revenue from licence fees	19,527	19,724	(1%)
Revenue from maintenance fees	13,652	11,277	21%
Revenue from testing solution services	2,681	-	-
Revenue from consulting	3,513	2,491	41%
Total revenue	39,373	33,492	18%
Research & development expenses	7,094	6,206	14%
Sales, consulting & marketing expenses	21,625	15,771	37%
General and administrative expenses	2,673	2,533	6%
Total expenses	31,392	24,510	28%
Net profit before income tax	8,435	10,071	(16%)
Net profit after income tax	6,205	7,548	(18%)

Dividends

Directors have declared an interim dividend of 3.0 cents per share franked to 55 per cent. Integrated Research maintains a strong financial position with total cash at 31 December 2015 of \$8.0 million.

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About Integrated Research (ASX:IRI) – Integrated Research is the leading global provider of proactive performance management software for critical IT infrastructure, payments and communications ecosystems. More than 1000 organizations in over 60 countries - including some of the world's largest banks, airlines and telecommunication companies rely on IR Prognosis to provide business critical insights and ensure continuity-critical systems deliver high availability and performance for millions of their customers across the globe.

For further information, visit www.ir.com

